Wisconsin Department of Revenue

G36: Electronic Filing of Real Estate Transfers Vision

Version 1.4

Revision History

Date	Description	Author
June 15, 2004	Initiation	JPW, Rahder, Lookabaugh
June 23, 2004	After June 18, 2004 Steering Committee Meeting	Rahder
July 9, 2004	Final edits prior to June 9, 2004 Steering Committee Meeting	Rahder
July 19, 2004	Added summary diagram showing all features, as requested in the July 9, 2004 Steering Committee Meeting	Rahder
August 5, 2004	Revisions for Distribution at Vendor/County Technical Conference	JPW
October 13, 2004	Changed references to pilot county	Rahder

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Introduction

The Department of Revenue, Division of State and Local Finance administers the Real Estate Transfer Return (RETR) form. The paper form is used when the transfer real estate occurs. Although the RETR is a DOR form, it has numerous external stakeholders. These include the counties, private sellers of real estate, and businesses that work with real estate such as title companies. The paper form is passed from the grantor and grantee (perhaps using a filing agent), to the County Register of Deeds, to the County Treasurer, to the DOR and, finally, to the assessor.

Technology exists today to electronically file this form and provide all stakeholders access throughout the value-added activities that each provide. Project benefits include increased efficiency and increased access to data by stakeholders.

This document describes a system that supports both counties working with vendors to create a fully integrated and highly automated process, and counties that foresee the need to process paper-based deeds yet still want to enjoy many of the benefits of electronic filing.

Positioning

Business Opportunity

The automation of the Real Estate Transfer Returns (RETR) process has been a goal of the Division of State and Local Finance (SLF) for more than a decade. Studies conducted by SLF in 1992[1] and 2000[2] documented several benefits of converting the paper process to an electronic filing and retrieval system. Benefits would be realized at state and county levels of government and every stakeholder in the workflow process.

The filing of the RETR PE-500 form is one of the SLF's most paper intensive processes, having a variety of origination points. The originator, also known as the *preparer* or *filer,* completes the form whenever a sale of real estate occurs for any property that is not exempt from real estate transaction fees[3]. Stakeholders include the County Register of Deeds, the County Property Tax Lister, County Treasurer, DOR Bureaus of Equalization and Special Assessment, local assessors, private sellers of real estate, banks, attorneys and title companies. A paper form passes from grantor to grantee, filing agent, County Register of Deeds, County Treasurer, DOR, eventually returning to the local assessor.

The level of interest for electronic filing grows each year as the number of technical and business barriers declines. The proposed system is designed to meet the needs of all stakeholders.

The DOR and the Brown County Register of Deeds, Cathy Williquette, have formed a partnership to use Brown County as a pilot implementation. Other counties are also showing strong interest in the project, and the Requirements Phase has included visits to Dane County and other counties in which automation will quickly reduce the paper burden.

Technical barriers continue to fall rapidly now that DOR has more than ten years of electronic filing experience with income and sales taxes, which led to the creation of Wisconsin FreeFile™. FreeFile will serve as the technical architecture bench for RETR electronic filing.

In addition to the technical advancements within DOR, the adoption of technical and data standards by real property appraisal and workflow software vendors dominates the landscape. Mortgage satisfactions in some counties are built upon MISMO and PRIA; standards which will also guide our Real Estate Transfer automation effort.

Problem Statement

The problem of	a paper-based manual process
Affects	everyone who processes the RETR or who uses its data.
As a result, the current process is	error prone, labor intensive, and does not provide data on a timely basis.
A successful solution will	· make it easier to initially gather the data, · make the data more accurate, · make the data quickly available and easy to access,

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[1] Final Report: real Estate Transfer Return (PE-500) Processing Quality Improvement, September 29, 1992

[2] Real Estate Transfer Return E-Filing, October 2000

[3] As defined in Chapter 77, Subchapter II, of the Wisconsin Statutes

	• allow fees to be gathered more efficiently.

Goals Summary

- Make transfer data available more quickly
- Raise productivity and lower costs for each player who creates, processes, or consumes transfer data
- Raise the quality of transfer data
- Make data easier to process
- Make data easier to access
- Gather transfer fees more efficiently

Stakeholders

Stakeholder Summary

Title	Name	Description
Executive Steering Team	WACO WCTA WRDA WMCA WRPLA WAAO WRA WLTA DOR, OTS DOR, SLF	These stakeholders influence the project by their participation on the Executive Steering Team and their contacts with the application development team
Project Sponsor	Jim Gultry	The project sponsor insures the application addresses the needs of all stakeholders and meets the strategic goals of SLF.
Project Director	Tom Gundlach	The project director represents the interests of the Equalization Section. Equalization is the primary DOR user of transfer return data.
Project Manager	Jim Pahl-Washa	The project manager creates the implementation plan, monitors progress, and reallocates resources as needed. The project manager is also the focal point for systems questions or issues.

User Summary

This document addresses how the new system will affect the filer, County Register of Deeds, County Real Property Lister, County Treasurer, and the local property assessor.

User Environment

In the current system, users manually process the RETR. This process will continue to be supported in the new system. In other words, when the new system is implemented filers will have the option of continuing to use the paper RETR form.

The proposed electronic filing system requires that users have a personal computer with Internet access and a Web browser. Other desktop applications, such as a spreadsheet application, may be used to analyze transfer data. Vendor software may be used to further integrate and automate the processing of transfers.

Application Overview

High-Level Design

The proposed architecture has five levels of feature implementation:
1. Allow computer-to-computer data transfer
2. Add ad-hoc query feature
3. Implement subscriber list
4. Add DOR Web site for ad-hoc queries
5. Add features to automate transfers using paper deeds

Separating these into five levels makes it easier to understand the system. However, all of the features will be included in the finished application.

Note that the current paper RETR (PE-500) will continue to be accepted by the county. The processing of paper RETRs is unaffected the electronic filing system. The following diagrams do *not* show the flow of the PE-500—all reference to "RETR data" in the diagrams refers to data collected electronically.

1. Allow Computer-to-Computer Data Transfer

The filer—a title company, abstract or law office—uses a vendor software package to send real estate transfer information, along with the transfer fee, to the register of deeds. When the register of deeds records the transfer, the software package will send RETR data to the Department of Revenue. Authorized users, such as the property lister and assessor, can amend RETR data using vendor-provided features. (See *Preserving Change History*, on page 18 for more information on amending data.)

At this point, DOR is simply providing a standard way to receive RETR data. In other words, DOR will establish a standard file format for RETR data, and a protocol for receiving that data. The county's software vendor will send the data via the specified protocol.
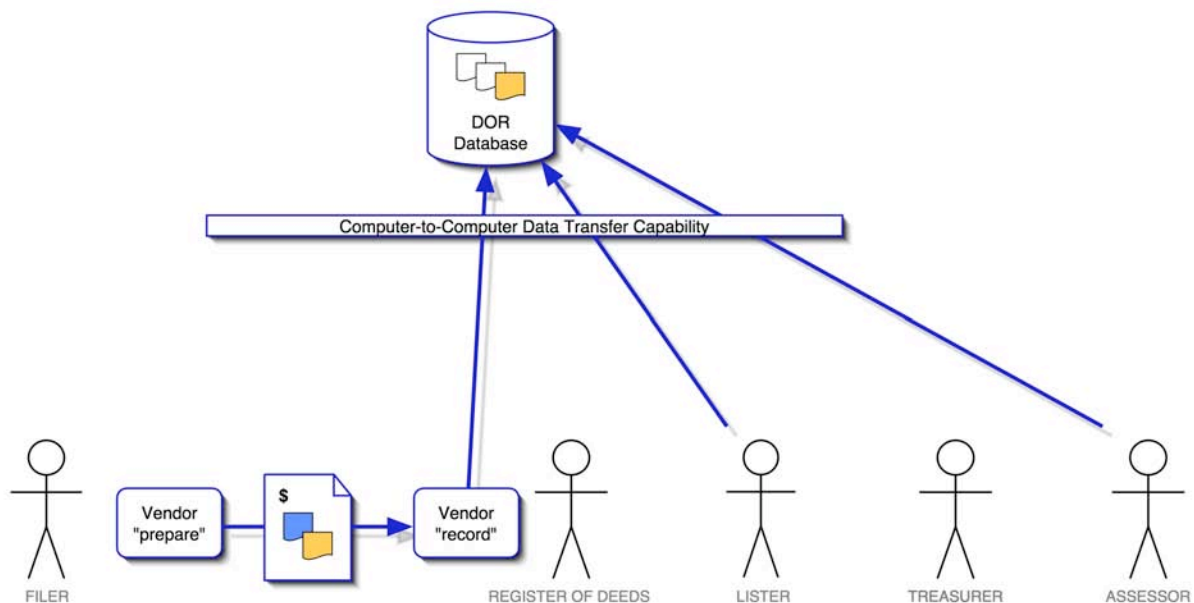
Figure 1. Allow Computer-to-Computer Data Transfer

2. Add Ad-Hoc Query Feature

Authorized users, such as county officials and assessors, can retrieve a set of RETRs matching selection criteria, such as date range or document number range. These queries are made using vendor software or using DOR-provided queries to load data directly into desktop applications like Microsoft Access and Excel.

In the previous section, *Allow Computer-to-Computer Data Transfer*, the computer-to-computer data transfer capability established a way for the county to send data to DOR. With the addition of the ad-hoc query feature, authorized users can fetch data from DOR. Queries will follow DOR-established formats and protocols, and the retrieved data will be in standardized file formats.
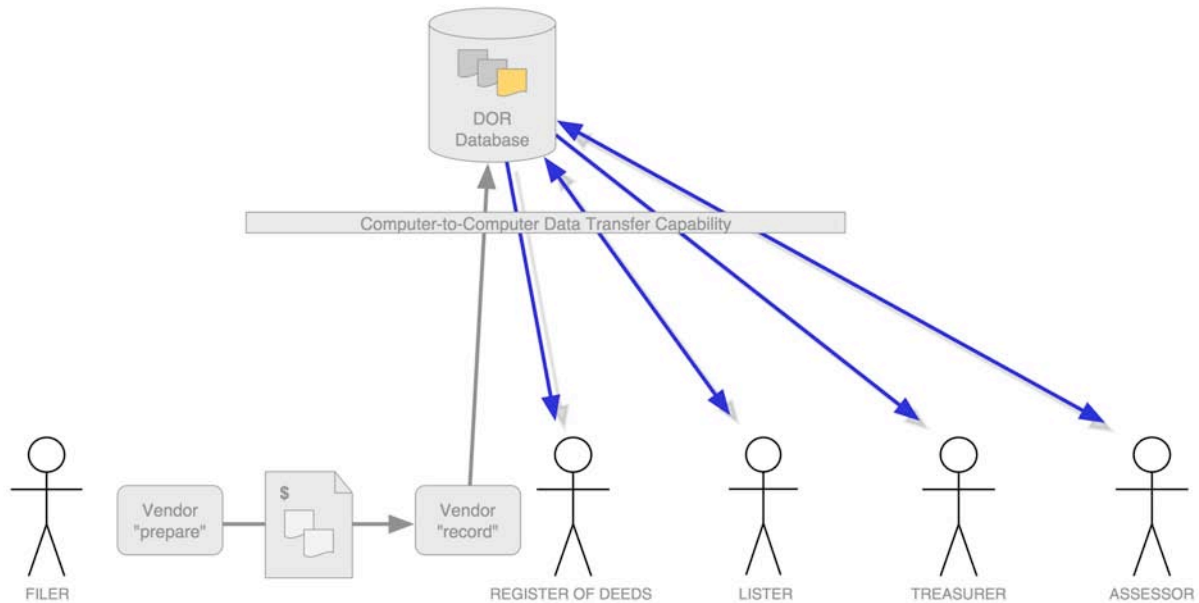
Figure 2. Add Ad-Hoc Query Feature

3. Implement Subscriber List

A subscriber is a consumer of RETR data. Subscribers are automatically sent RETR data when RETRs are recorded or amended. A subscription specifies county or municipality, and how often to receive notifications (daily, weekly or monthly). The subscriber feature facilitates workflow and automatically provides data to county officers, assessors, and other consumers of RETR data. (For more information see *The Subscription Process*, on page 18.)

Figure 3. Implement Subscriber List

4. Add DOR Web Site for Ad-Hoc Queries

This allows authorized users to view and update RETR data online.

Figure 4. Add DOR Web Site for Ad-Hoc Queries

5. Add Features to Automate Transfers Using Paper Deeds

Counties without integrated software packages use these features to prepare and record RETRs. The filer uses a Web application to send a validated electronic transfer return to DOR. At the same time, the application prints a transfer summary sheet. The filer mails the summary sheet, along with the deed a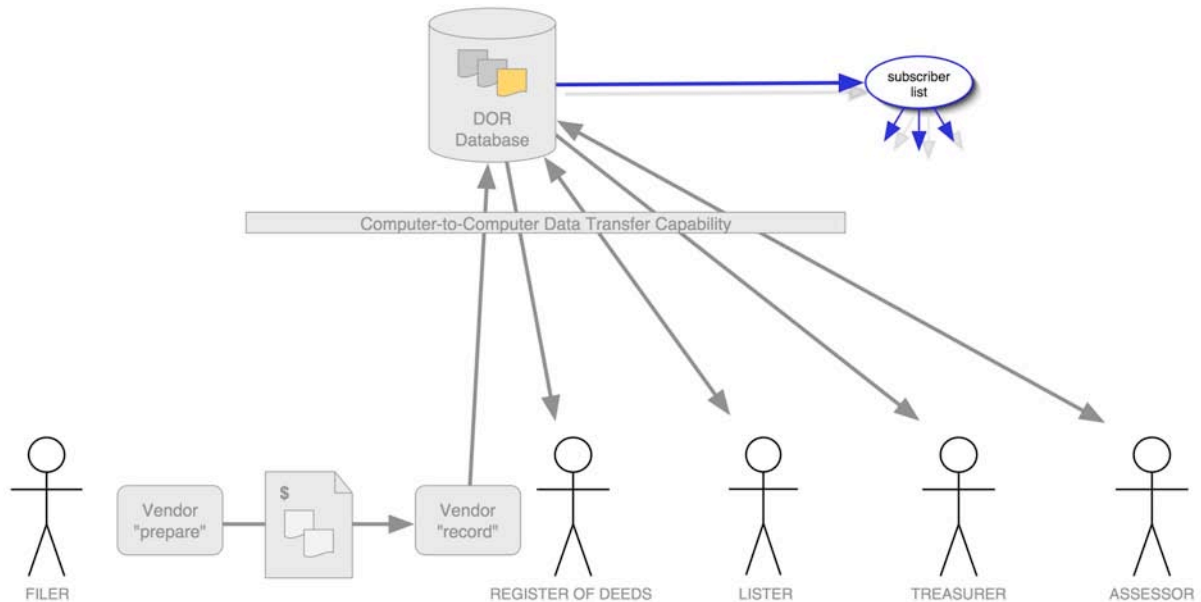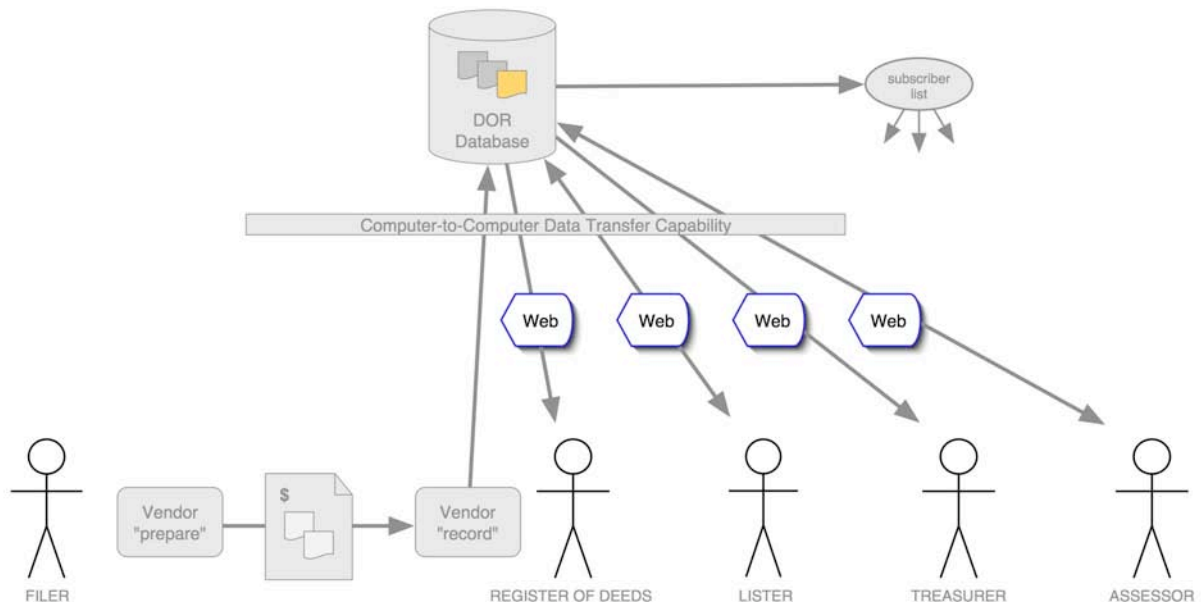nd payment, to the register of deeds. The register of deeds then goes online to fetch and record the electronic transfer.

Note that once the register has recorded the transfer, it is in the system just as if it had been posted from vendor software. In other words, the decision to use vendor software affects the filer and register of deeds. Other users fetch and edit the data via the subscription process and the Web interfaces introduced in the previous diagrams. (This does not preclude vendors from designing integration and automation features for reading and editing data.)
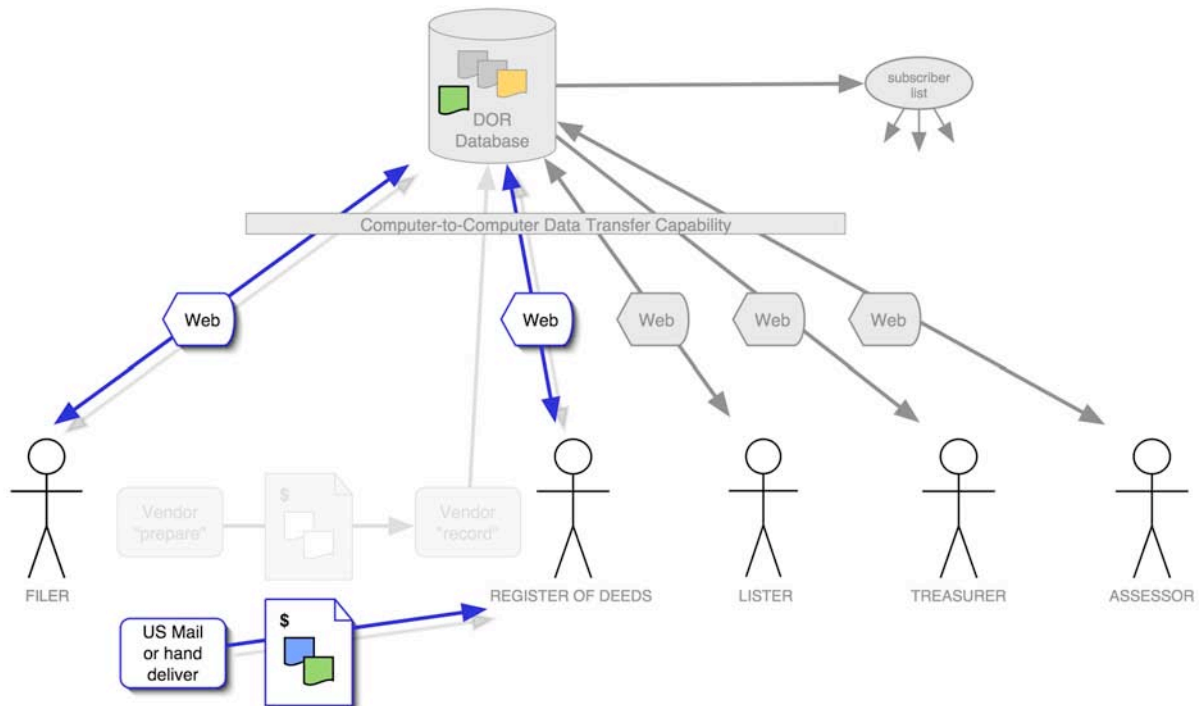
Figure 5. Add Features to Automate Transfers Using Paper Deeds

Implementation Summary

All features described in section *High-Level Design* (pages 8 through 11) will be in the final implementation. The filer will have two options for electronically filing a real estate transfer:

1. Use vendor software to electronically submit both the transfer and deed directly to the county.

2. Use a DOR-provided Web application to electronically file the transfer, then submit the *paper* real estate transfer return summary sheet and *paper* deed, to the register of deeds.

Furthermore, current procedures for filing and processing PE-500 will continue to be supported. In other words, filers will continue to have the option of submitting the PE-500. Except for the processing of the monthly fee transmittal from the treasurer, procedures relating to the PE-500 are not affected.
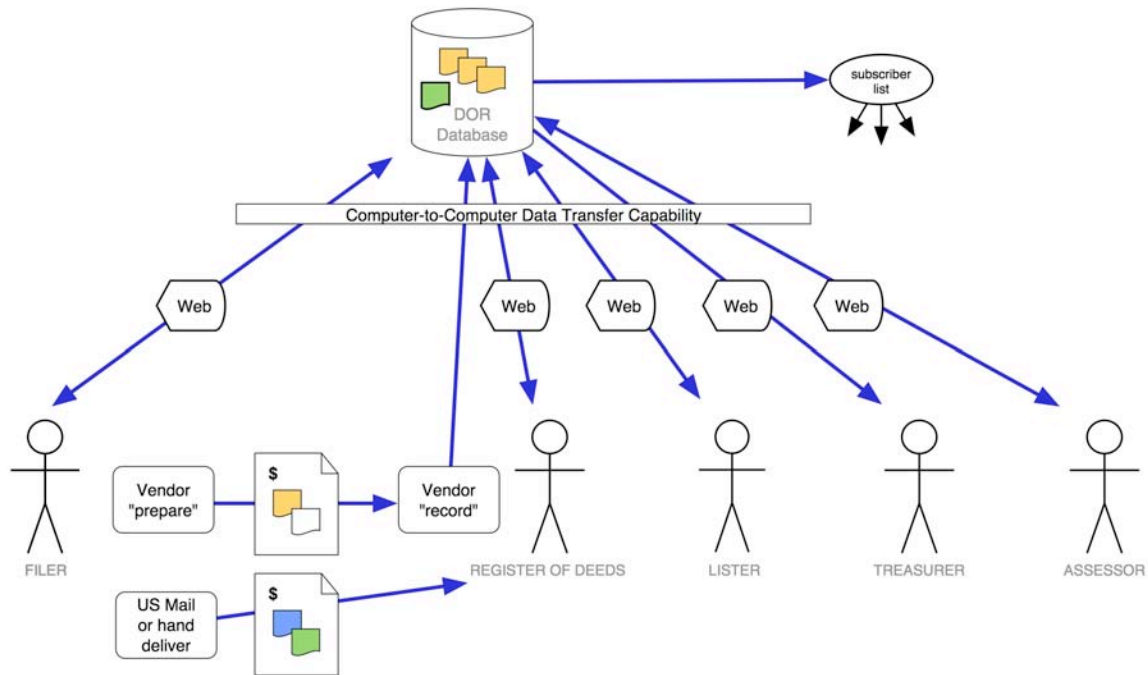
Figure 6. Implementation Summary

Summary of Capabilities

This section describes how the new system will affect and benefit the people that process transfer returns. There are two options available to the county:

1. Counties **using** vendor software will enjoy the highest level of integration and automation. Since this option is fully electronic, it can *not* be used to process paper-based deeds.

2. Counties **not** using vendor software will be limited to using DOR-provided features, such as Web applications and the subscription process. These features provide significant benefits to the county, and accommodate the processing of paper-based deeds.

Summary of Capabilities Using Vendor Software

Note that the specific features of vendor software are up to the vendor; DOR OTS will work with vendors to enable them to add value-added features to their software. Therefore, the following process descriptions and benefits associated with vendor software provide an *idea* of the type of functionality a vendor may provide, but the actual implementation design decisions are in the vendors' hands.

Using Vendor Software User	Process
Filer	Filer uses an integrated system that gathers transfer information using sources such as the deed. (The deed is available to the vendor package in electronic form.) The transfer data is then passed to the register of deeds. Note that the filer may not actually see the transfer return data — instead, the software will have the capability of gathering return information as needed throughout the process.
Register of Deeds	The register of deeds uses the vendor software to record the transfer.
Real Property Lister	Seller and buyer information, and tax bill addresses will be gathered automatically. The property description on the transfer return is guaranteed to match the deed. Parcel splits will be identified by the system.
Treasurer	The treasurer can receive reports of returns indicating that the property is the primary residence. (This information is used for issuing the lottery credit.) The system can also calculate the total transfer fees collected.
Local assessor	DOR OTS has not discussed assessor features with the vendors. The assessor can receive automated notification of new transfers or amended transfers via the subscription process. The system allows the assessor to electronically submit assessment data to DOR.

Using Vendor Software Benefits

Using Vendor Software Filer Benefit	Description
Providing RETR data will be easier	The vendor package gathers transfer information from the user and from sources such as the electronic deed. Less information needs to be entered by the user.
Paperless	The deed, return information, and payment are electronically sent to the register of deeds.
No rejected returns	Vendor software will gather required data. The filer will not be able to send the data to the register of deeds unless the return is complete.
Notification of recording from the county register of deeds	Upon recording, vendor software will send the filer a copy of the recorded deed.

Using Vendor Software Register of Deeds Benefit	Description
Almost no rejected returns	The software will not allow a return to be transmitted if it is incomplete.
No paper	The deed, return information, and payment are electronically sent to the register of deeds.
Automated return of recorded deeds to the filer	Upon recording, vendor software will send the filer a copy of the recorded deed. In other words, the register will no longer need to mail the deed back to the filer.
Fees are processed automatically	Vendor software will gather the filer's payment.
Data is available for future use	Once recorded, transfer data is available for future ad-hoc query downloading or online browsing.
Register no longer needs to manually forward payment information to treasurer	

Using Vendor Software Property Lister Benefit	Description
Less transcription of the property description	The system uses the deed for the return's property description; that data can be provided as the basis for the lister's assessment role descriptions.
Buyer and seller mailing addresses and the tax bill address is gathered automatically	Since the system is integrated, there is no need to key information from one system to another.
Splits are automatically identified	

Using Vendor Software County Treasurer Benefit	Description
The total amount of fees is automatically calculated	Treasurers will no longer need to manually sum paper returns
Transmittal of fees to DOR is automated	DOR's share of the transfer fee can be transmitted using electronic funds transfer. The treasurer will no longer need to submit an adding machine tape.
Will be notified of transfers indicating primary residence	Treasurers will no longer need to mail lottery credit applications

Using Vendor Software Local Assessor Benefit	Description
Assessors will receive automatic notification of new or amended transfers	The subscription process will automatically send the assessor a list of new transfers, or transfers whose valuations have been edited by other users (such as an SLF auditor). In the paper system, it takes several weeks before this information is available to the assessor.
Assessors will be able to amend assessment information online	Rather than manually creating a document sent to the district DOR office, the assessor can go online and update assessment information.
Assessors have access to data	Once recorded, transfer data is available for ad-hoc downloading or online browsing. Data can be downloaded directly into a spreadsheet for analysis and reporting.

Summary of Capabilities When Not Using Vendor Software

The following process description is for DOR-provided features. As the project moves into the implementation phase, details of these features will evolve as we gather more requirements. Furthermore, there may be variations in each user's procedure from county to county.

Not Using Vendor Software User	Process
Filer	Filer uses a DOR-provided Web application to create a transfer return. The Web application insures that the return is complete. It allows multiple buyers and sellers, and lengthy legal descriptions, thus eliminating RETR attachments. When the online form is complete, the filer electronically sends a copy to DOR, and prints a summary sheet. The summary sheet is attached to the deed and transfer fee, and mailed to the register of deeds.
Register of Deeds	The register of deeds goes online, retrieves the filer's return, and records it by providing the document number and date recorded.
Real Property Lister	The lister uses the summary sheet to verify information. If the information is in error, the lister may go online to provide corrections. In the case of a split, the lister may provide new parcel numbers.
Treasurer	The treasurer can receive reports of returns where the filer indicated that the property is the primary residence. (This information is used for issuing the lottery credit.) The system can also calculate the total transfer fees collected.
Local assessor	The assessor can receive automated notification of new transfers or amended transfers via the subscription process.

Not Using Vendor Software Benefits

Not Using Vendor Software Filer Benefit	Description
Completing the return will be clearer	The online system provides ongoing feedback as the filer completes the form. This includes online help, and field-level feedback. The system does not allow a form to be submitted if its incomplete.
There will be less transcription of data	Since the return is completed online, the filer is free to cut and paste information from other sources.
Social security information is more secure	Once submitted, only authorized DOR personnel can access social security numbers.

Not Using Vendor Software Register of Deeds Benefit	Description
Almost no rejected returns	The online system does not allow a return to be transmitted if it is incomplete.
Almost no returns with attachments	Most of the reasons for attachments are eliminated in the new system; for example, the online return can store multiple sellers and buyers, and lengthy legal descriptions.
Data is available for future use	Once recorded, transfer data is available for future ad-hoc downloading or online browsing.
Register no longer needs to forward payment information to treasurer	

Not Using Vendor Software Property Lister Benefit	Description
Less transcription of the property description	It is more likely that the deed was used for the return's property description; that data can be provided as the basis for the lister's assessment role descriptions.
Buyer and seller mailing addresses and the tax bill address is gathered automatically	The data is available for copying and pasting from one system to the other.
Splits are automatically identified	

Not Using Vendor Software County Treasurer Benefit	Description
The total amount of fees is automatically calculated	Treasurers no longer need to manually sum paper returns
Transmittal of fees to DOR is automated	DOR's share of the transfer fee can be transmitted using electronic funds transfer. The treasurer will no longer need to submit an adding machine tape.
Will be notified of transfers indicating primary residence	This information helps in determining who receives a lottery.

Not Using Vendor Software Local Assessor Benefit	Description
Assessors will receive automatic notification of new or amended transfers	The subscription process will automatically send the assessor a list of new transfers, or transfers whose valuations have been edited by other users (such as an SLF auditor). In the paper system, it takes several weeks before this information is available to the assessor.
Assessors will be able to amend assessment information online	Rather than manually creating a document sent to the district DOR office, the assessor can go online and amend the return directly.
Assessors have access to data	Once recorded, transfer data is available for ad-hoc downloading or online browsing. Data can be downloaded directly into a spreadsheet for further analysis and reporting.

Cost and Pricing

Counties choosing to use vendor software will negotiate pricing with their vendors. There is no charge for DOR-provided features.

Licensing and Installation

There is no county-based DOR application, and therefore, no licensing or installation. (The e-filing system does require the user to have a computer with Internet access with email and a Web browser.)

Counties using vendor software will negotiate licensing with their vendors. Installation of vendor software is up to the vendor.

Technical Details

Preserving Change History

RETR data can be inserted into the database, and read from the database, but once stored, the data cannot be changed. "Changes" or "amendments" are actually implemented as a set of history records associated with the RETR. For example, if an authorized user needs to change a return's legal description, the system stores a *new* RETR record reflecting the changes; the original record is not affected.

System Interface

There are two core interfaces to the system:

1. Direct computer-to-computer communication via SOAP
2. The subscription process

Computer-to-Computer Communication via SOAP

Authorized users send data to the system via SOAP messages. SOAP is the only mechanism for posting data. An authorized user may be a filer submitting the initial copy of transfer data, the county register submitting recording information, the property lister amending legal description or parcel data, or an internal DOR user.

SOAP is also used to fetch data. Authorized users can fetch transfer data as a collection of XML documents. In the initial phase of implementation, coding the client application to fetch data will be the responsibility of the end-user; functionality may be provided by electronic filing software vendors, or the user may use features built into their desktop applications. For example, Microsoft Office has the ability to send and receive SOAP transactions. In this scenario, the development team will provide sample macros for use in Microsoft Excel that will allow the user to load data into a spreadsheet for further analysis and reporting.

There is also a Web interface to the system. This allows authorized users to go online to file, record, or fetch real estate transfers. The Web interface will require thorough user interface design, but the technical design will be easy; the Web application will be in the role of authorized user and simply send and receive SOAP transactions to the system.

Note that SOAP only provides a standard interface for receiving and sending RETR data. The server-side program logic to process the SOAP message will be the brunt of the implementation effort. This program logic will follow a model-view-controller philosophy, where the SOAP message is passed to a controller layer, which interprets the request and updates the business objects in the model. A view layer will then translate the affected objects into XML to be returned to the client. Furthermore, the model will interface with a persistence layer that stores and fetches data from a database. These layers need to be designed and idmplemented.

The Subscription Process

The subscription process provides *active* notification of inserts or changes to transfer data. To contrast with the SOAP interface, SOAP allows users to fetch data on-demand. There are cases when relying on on-demand reports doesn't meet requirements. For example, assume that a transfer was filed and the property assessed by the local assessor. At a later date the filer might successfully contest the value given on the transfer, which would result in an SLF auditor changing its value. The system needs a way of notifying the assessor of such a change.

The subscription process allows authorized users to specify a range of transfer being watched, and value changes which should result in a notification. Using the assessor example, the subscription might specify that the assessor be notified if any valuation changes for any transfers in the assessor's municipality.

The system design does not yet specify the medium for sending the notification to the subscriber. The system could send an XML file to a FTP site, an email containing a hyperlink to a DOR Web site listing return data, or even print a paper-based summary of transfer information to be mailed. These details will be worked out during the next phase of the project.

User Authentication

User authentication is the process by which users identify themselves to the DOR application. Each user has a set of roles, which specify the requests the user can make. For example, the register of deeds is the only user with authority to record a transfer; listers will have specific fields they can edit; assessors will have a different set; and so forth.

Authentication services may be provided by the State of Wisconsin Web Access Management System (WAMS), the State of Wisconsin Enterprise Service Bus (ESB) or by a system developed specifically for DOR.

Electronic Payment of Real Estate Transfer Fees

County treasurers can work with their respective banking institutions to electronically transfer fee payments to the Department of Revenue (Revenue). Revenue's Electronic Funds Transfer (EFT) Payment System offers two channels through which county treasurers may prompt Revenue to initiate debit transactions: by telephone (IVR) or by Web site (www.witaxeft.com). When using the Web site, the treasurer must first establish a user account by providing the county's banking account number and the ITN for the county's banking institution (i.e. the bank ID). The user account is thereafter accessible securely through an ID and password issued by the EFT Payment System. The EFT Payment System is flexible enough to provide a means by which a county may "warehouse" or "post-date" a transaction. When a transaction is processed through the web site, an Automated Clearing-House (ACH) file is sent to Revenue's banking institution (e.g. USBank), and a copy of that ACH is also sent to the EFT Payment System for subsequent reporting.

Reconciliation

Under current procedures, SLF staff responsible for accounting and auditing review the payment transaction reports generated by the EFT Payment System and reconcile them with reports from Revenue's banking institution (e.g. USBank) indicating the deposits received. The RETR electronic filing system may provide features by which reports can be generated indicating anticipated payments based on the system's recorded activity of electronically filed RETRs. This new category of reports could then be included in SLF's reconciliation procedures.

Appendix

A. Definitions, Acronyms, and Abbreviations

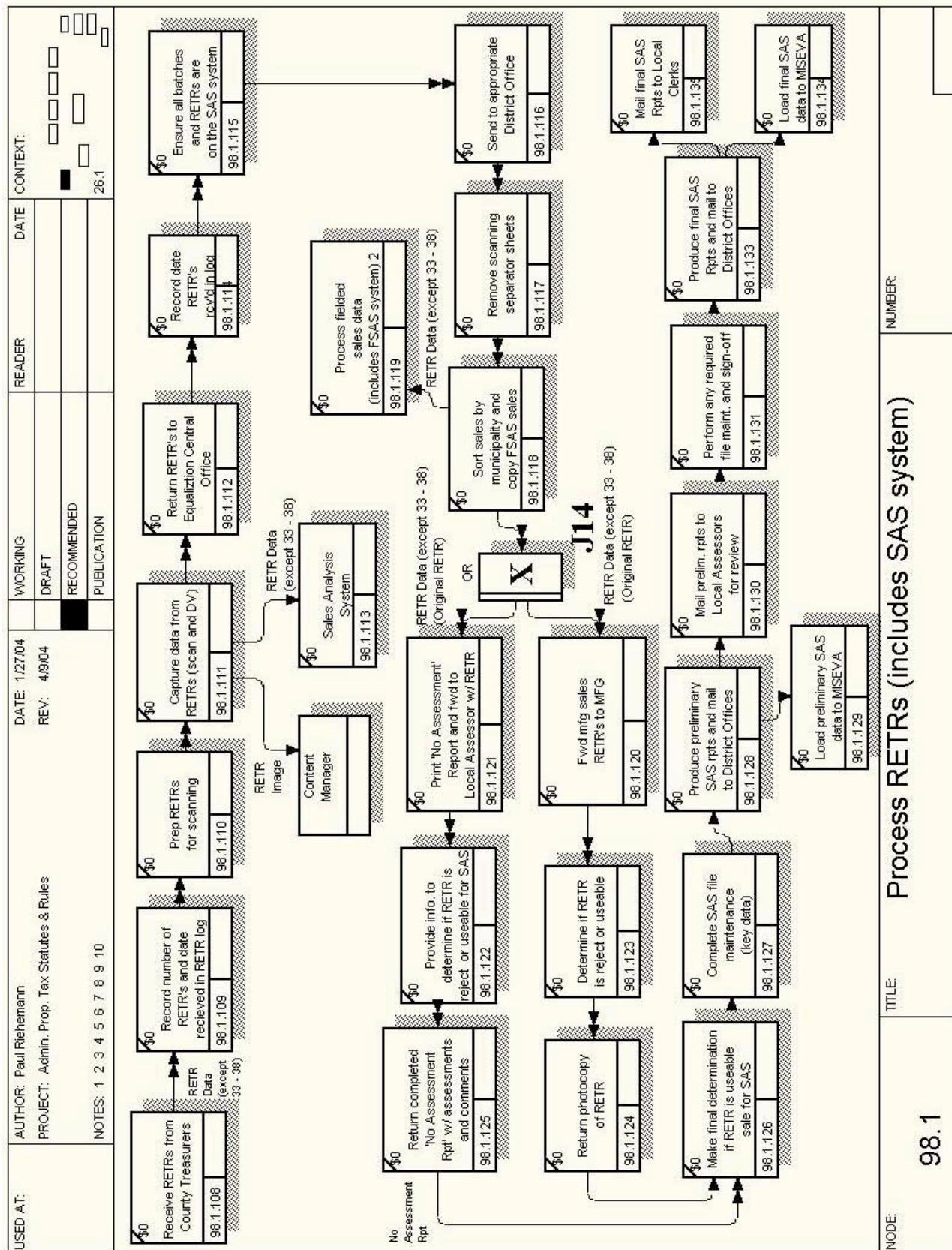|	
DOR	Wisconsin Department of Revenue
DOR, OTS	Wisconsin Department of Revenue, Office of Technology Services
DOR, SLF	Wisconsin Department of Revenue, Division of State and Local Finance
PRIA	Property Records Industry Association. PRIA is developing a set of XML standards for sharing property record data.
MISMO	Mortgage Industry Standards Maintenance Organization.
RETR	Real estate transfer return (form PE-500). A scannable paper form used to gather transfer data. A filer, such as a title company, completes the form and sends it to the county register of deeds, who records the document and forwards it to the Wisconsin Department of Revenue.
SOAP	Simple Object Access Protocol. SOAP is an XML-based messaging protocol used to encode the information in Web service request and response messages before sending them over a network. Simply stated, SOAP is a way to send XML files across the Internet. (See *System Interface*, on page 18.)
WAAO	Wisconsin Association of Assessing Officers
WACO	Wisconsin Association of County Officers
WAMS	Wisconsin Web Access Management System
WCTA	Wisconsin County Treasurers' Association
WLTA	Wisconsin Land Title Association
WMCA	Wisconsin Municipal Clerks Association
WRA	Wisconsin Realtors Association
WRDA	Wisconsin Register of Deeds Association
WRPLA	Wisconsin Real Property Listers Association
XML	Extensible Markup Language. XML is a standard for storing text in well-formed files whose structure can be specified separately; this allows the information to be shared among disparate computers.

B. Current System Process Flow Diagrams

Process RETRs (includes SAS system)

98.1

USED AT:

AUTHOR: Paul Riehemann   DATE: 1/28/04   WORKING

PROJECT: Admin. Prop. Tax Statutes & Rules   REV: 4/9/04   DRAFT

NOTES: 1 2 3 4 5 6 7 8 9 10

	READER	DATE	CONTEXT:
RECOMMENDED			
PUBLICATION			26.1

Receive RETR's from Central Office
105.1.138
$0

RETR Data (except 33 - 38)

SAS determines if RETR meets FSAS criteria
105.1.139
$0

RETR Data (except 33 - 38)   Yes

Copy RETR (photocopy or from Content Mgr)
105.1.140
$0

No   RETR Data (except 33 - 38)

Process w/ other RETR's (fwd to assessor w/ No Assessment Report)
105.1.142
$0

To Activity 98.1.122 on Node 98.1 process (Process RETRs)
105.1.164
$0

Prepare FSAS questionaire and send to Grantee
105.1.141
$0

Map sale
105.1.143
$0

Copy improvement listing if available
105.1.144
$0

Grantee completes questionaire
105.1.16
$0

Place maps, impr. listing, and questionnaires rcv'd in RETR holding file
105.1.145
$0

Request FSAS pre-print forms (PE-500E)
105.1.146
$0

Collate prepring form w/ RETR copy and forward to appraiser
105.1.147
$0

Field sale
105.1.148
$0

Key balance of FSAS data - header and body of preprint form
105.1.149
$0

Determine if SAS file maintenance is needed
105.1.150
$0

Yes

No

Complete SAS file maint. on-line based on preprint form and questionaires
105.1.151
$0

File preprint form and attachments in district FSAS file (paper)
105.1.152
$0

Generate FSAS Condensed Sales Summary Report (internal use)
105.1.153
$0

Produce final batch FSAS Rpts and mail to District Offices
105.1.155
$0

Determine ave. $/acre from Condensed Reports
105.1.154
$0

Mail final FSAS reports to Local\ Municipal Clerks
105.1.158
$0

Load FSAS improvement to MISEVA
105.1.156
$0

Key average $/acre for classes 4 - 7 to MISEVA
105.1.157
$0

USED AT:					NUMBER:
NODE:	TITLE: Process fielded sales data (includes FSAS system)				
105.1					